

Testimony of Tom Swan, Executive Director of the Connecticut Citizen Action Group (CCAG)

Finance, Revenue, and Bonding Committee

February 27, 2023

in Support of

H.B. 5673: An Act Concerning the Reformation of Certain Taxes and Tax Equity

S.B. 771: An Act Establishing a Refundable Child Tax Credit

S.B. 772: An Act Increasing the Applicable Percentage of the Earned Income Tax Credit

S.B. 774: An Act Adjusting Certain Marginal Rates for the Personal Income Tax and Establishing a Capital Gains Surcharge

S.B. 776: An Act Concerning a State-Wide Property Tax on Certain Residential Real Property

Hello, Senator Fonfara, Representative Horn, and other members of the Finance, Revenue, and Bonding Committee. My name is Tom Swan, and I submit testimony today on behalf of thousands of member families of the Connecticut Citizen Action Group (CCAG) in support of proposals in the following bills:

- H.B. 5673: An Act Concerning the Reformation of Certain Taxes and Tax Equity
- S.B. 771: An Act Establishing a Refundable Child Tax Credit
- S.B. 772: An Act Increasing the Applicable Percentage of the Earned Income Tax Credit
- S.B. 774: An Act Adjusting Certain Marginal Rates for the Personal Income Tax and Establishing a Capital Gains Surcharge
- S.B. 776: An Act Concerning a State-Wide Property Tax on Certain Residential Real Property

We are in strong support of all of these bills as critical steps in reforming Connecticut's broken property tax system, which has been a key driver of inequality - with clear and toxic spillover effects into educational equity, concentrated poverty, lack of opportunity and economic stagnation.

We want to particularly support Senator Looney's Act Concerning a State-wide Property Tax on homes worth more than \$1.5 million, allocating revenues gained to education. This alone has the potential to address the significant unfairness of our tax system - taxing those who can afford it, and investing in our public schools, which yields immediate and long lasting gains. As we all know, our skewed tax system means that children in wealthy towns have a different educational experience than those in poorer cities. Addressing this disparity is critical. We are in strong support of this bill.

We also want to emphasize how "Connecticut's state and municipal tax systems hammer the poor and middle class," according to the [CT Mirror](#), reporting on a February Department of Revenue Services tax incidence analysis. People who earned less than \$44,758 in 2019 effectively paid nearly 26% of their earnings to taxes – nearly **four times** the rate paid by Connecticut's wealthiest families. Those making between \$44,758 and \$74,688 paid **nearly three times** that of those at the top.

The impact of this skewed tax system is particularly dire in our cities. Consider Hartford, where many nonprofits and state buildings take property off the tax rolls. According to the [Hartford Courant](#), a 2021 statewide report from the [Office of Policy and Management](#) showed that Hartford's tax-exempt property would account for 51% of the city's grand list in 201. In New Haven, the figure would be 56%. Most towns and cities in Connecticut had 30% or less of their property exempt from taxation, with the

statewide average coming in at 14.2%. Hartford and other cities are left with a system requiring them to raise operating revenue from an artificially small base of taxable property.

Finally, Connecticut has among the nation's biggest wealth gaps, according to a new analysis comparing various racial groups in states across the country – with the 5th largest gap between rich and poor, according to [CT by the Numbers](#). The analysis noted that in the United States “there is racial inequality in many areas, including our wealth.” Causes include lack of access to quality education and residential racial segregation. In Connecticut, the largest wealth gap is in the poverty rate, followed by home ownership and educational attainment and home ownership.

These underlying and structural inequities must be corrected and these bills, particularly SB 776, are a good start. We echo the points made by our partners in the Recovery for All coalition - our tax system is completely upside down. We must provide relief for working and middle-class families and invest in health care and services to ensure every child has a healthy and productive start. We must make sure our families have the resources they need to pay for food, housing and health care.

Recently, six Connecticut residents were included in Forbes' list of the 400 richest Americans. They pay less in taxes than families who are struggling to afford housing, health care, and food. The fact that our families earning less than \$75,000 per year pay a higher portion of their incomes in taxes than millionaires is both fiscally and morally disastrous.

Please correct this false and needless choice.

We appreciate you raising these today and urge you to adopt them. Thank you, and please reach out to us with any questions.

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